

**To Whom It May Concern,**

First I would like to express my support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z. However, I must respectfully oppose the proposal to restrict compensation for mortgage brokers.

Docket No. R-1305, **The Proposed Rule Amending Regulation Z (Truth in Lending and HOEPA)** requires that Mortgage Brokers make certain disclosures that Loan Originators for Direct Lenders are not required to make. This is an unfair burden to an industry that provides a competitive advantage to borrowers and that has generally been involved in over 60% of the loan transactions each year.

Additionally this proposal requires that the brokers accurately **predict/forecast** the closing costs associated with each loan transaction and mandates that costs and compensation cannot be modified or adjusted in a volatile market where Mortgage Brokers are subject to the changes of the Lenders.

Given the *volatility* of the mortgage markets, the *complexity* of each loan program, the *different nature* of each file, the *possibility* of **unknown variables** surfacing in the borrower's financial status, and the *likelihood* of change on the part of the borrower or lender, this poses an insurmountable obstacle, which almost impossible to fathom.

In this proposal Mortgage Brokers are being asked to attempt to standardize every file at loan application, when they control very little of the Interest Rate Markets, margins, and underwriting guidelines within the loan programs that are offered. Too many variables enter in the process from revised contract negotiations, unexpected appraisal results, lender underwriting requirements, changes in terms and conditions offered, withdrawn loan programs, as well as the borrowers revised needs. Any, if not all of these result in a different outcome other than what was initially intended or envisioned at loan application.

In order to avoid this, Mortgage Brokers will be forced to initially **overstate** their compensation and the other fees on the Good Faith Estimate in order to attempt to fall within an acceptable tolerance. This in turn will lead to confusion by the consumer, who will gravitate to those organizations that are **not required** to make these disclosures ultimately forcing many small mortgage companies out of business.

Considering alternatives to the proposed regulation, which would protect consumers in their dealings with all mortgage originators, and encourage competition on price and service, seems like a more feasible solution. **Us that have tenure in the industry and conduct our business with integrity and ethical conduct should not be lumped into the mess created by a group of few brokers that have already exited the industry.** Treat all originators the same and require that all lenders disclose in an equal manner.

What will be left is a monopolistic environment of large Direct Lenders and Banks, without the benefit of competition in the market place, which is clearly detrimental to the borrower and the overall industry.

Sincerely,

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